



Hamilton County

County Administrator

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To: Board of County Commissioners
Patrick Thompson, County Administrator

From: Christian Sigman, Assistant County Administrator

Copy: Jeff Aluotto, Assistant County Administrator
Maira Weir, Assistant County Administrator
Office of Budget and Strategic Initiatives

Date: July 28, 2010

Subject: June 2010 Budget Projections

SUMMARY

- General fund revenues are projected \$1.7 million above the 2010 budget. This is the product of a number of revenue sources projected to come in over budget, notably sales tax revenue, or under budget, notably interest earnings and Clerk of Courts collections. Please note that the positive variance is also a product of a one-time revenue from the sale of county property as well as 2009 revenues received in 2010. Comments on each department are provided in the general fund revenue section of this report.
- General fund expenditures are projected \$1.2 million under the 2010 budget. This is a result of nearly all departments projecting to come in under budget with a few exceptions, most notably the Prosecutor's office. It is anticipated that this overage will be addressed later in the year by using available balance within the Prosecutor's Delinquent Real Estate fund. The general fund is on track to meet the 2010 dashboard objective of maintaining 2010 general fund expenditures within 0.5% of the originally appropriated funding level.
- The year-end general fund reserve is projected at \$19.3 million, or 9.1% of ongoing expenditures. This figure does not include the projected receipt of Delinquent Real Estate Fund resources from the Prosecutor's Office. This projected general fund reserve as well as the projected revenue and expenditure performance show that all economic triggers for mid-year salary adjustments have been met or exceeded.

INTRODUCTION

The following projections are based on actual activity from January through June 2010 as well as anticipated changes that will take place throughout the balance of the year.

The Office of Budget and Strategic Initiatives (BSI) will continue to closely monitor expenditures and revenues through the remainder of 2010.

GENERAL FUND REVENUE

General fund revenue projections are \$1.7 million¹, or slightly less than a percentage point, above the 2010 budget.

Departments with substantial variances in budgeted revenues include the following:

- **Auditor** Revenue is projected to be \$4.2 million above budget, a \$1.1 million improvement from May projections. As the Auditor's office collections account for over 60% of general fund revenues, the budget office provides its projections by major revenue categories in the table below.

Table I – Auditor Revenue Projections, June 2010

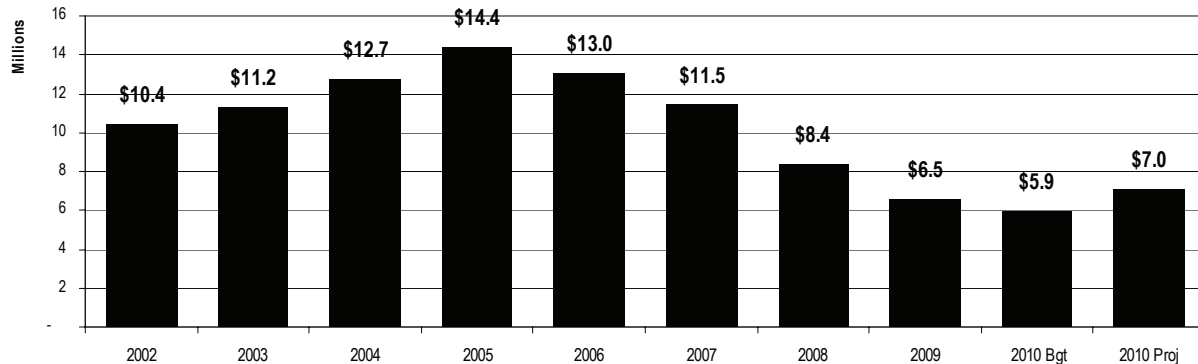
Revenue	Budget	Projection	Variance	% Variance
Sales Tax	57,560,000	59,400,000	1,840,000	3.2%
Local Government Fund	17,990,000	19,530,000	1,540,000	8.6%
Real Estate Transfers	5,910,500	7,050,000	1,139,500	19.3%
All Other Revenue	4,833,200	4,982,453	149,253	3.1%
Property Tax	49,538,558	49,069,020	(469,538)	-0.9%
	135,832,258	140,031,473	4,199,215	3.1%

- **Sales Tax** For 2010 the budget office estimated sales tax at a decrease from 2009 projections by 9% in the first five months of the year, and 2% thereafter. Actual sales tax performance for the first seven months of 2010 has exceeded budget by \$2.6 million; however sales tax collections are still 0.5% below the same period in 2009, with June and July being the first months to show growth over the previous year. The remaining five months of 2010 are projected 5% below 2009 collections until there is a clear trend of sustained increased collections.
- **Local Government Fund** Local government fund revenue is projected \$1.5 million (8.6%) above budget due to better than anticipated performance in state tax collections. The revenue was budgeted at a 10% decrease from 2009 collections, but in the first seven months, it has averaged a decrease of 2.1%. The remaining five months now reflect an 8% decrease from 2009 and will continue to be revised upward if state revenue collections improve.

¹ Summary figures throughout the document may vary slightly from the sum of the detailed items due to rounding.

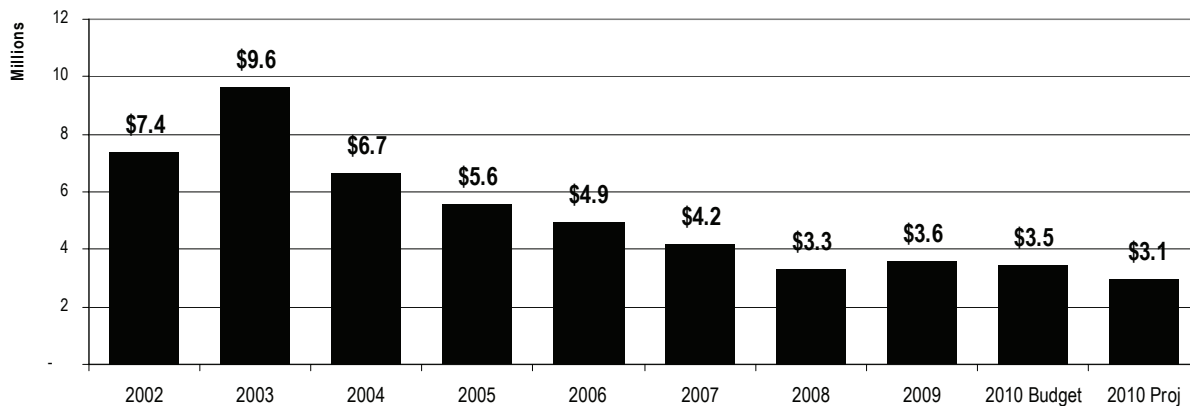
- **Real Estate Transfer and Conveyance Fees** Auditor transfer and conveyance fees were budgeted in 2010 at a decrease of 9.7% from 2009 collections. Actual 2010 collections have increased 32.4% from 2009 collections in the first six months. The budget office continues to project a 9.7% decrease for the remainder of the year due to the expiration of the federal new home buyer tax credit, resulting in total collections 7.6% above 2009, but 19.3% over 2010 budget. Should the market continue to maintain growth through the summer, the budget office will revise the projection upward. July performance appears to be relatively level with July 2009.

Chart 1 – Transfer and Conveyance Fees, 2002-2010



- **Property Tax** Property tax settlements through the first six months, and the Auditor's office calculation of the impact of Duke Energy's suspension of public utility tax payments suggests total collections at 0.9% below budget, resulting in the projected decrease of \$470,000 from budgeted collections.
- Other Auditor revenues are projected \$149,000 above budget due primarily to additional collections in the financial institution tax.
- **Treasurer** Projected interest earnings are \$500,000 less than the Treasurer's office estimate, with a decrease of \$1.6 million from the 2010 budget. This shortfall is mainly due to record low interest rates.
- **Clerk of Courts** Revenues are projected \$1.15M below 2010 budget. The majority of the shortfall, \$718,000 is attributed to Municipal – Criminal/Traffic collections. It is anticipated that \$300,000 of the \$600,000 budgeted transfer from the Title Administration fund to cover expenses will not be needed thus increasing the shortfall in budgeted revenues.
- **Recorder** Recorder's office fees are \$322,000 below budget, the result of a decrease in the number of transactions. June collections are decreased 14.1% from 2009 collections. The budget office projection assumes a decrease of 14.1% for July-December. Chart 2 indicates that 2010 collections are projected at 32.4% of the county's peak year of 2003.

Chart 2 – Recorder Fees, 2002-2010



- **Building and Development** Revenue is projected \$192,000 over budget due to increased building permit activity.
- **County Facilities** Revenue is projected \$320,000 over budget due to \$400,000 of one-time revenue from the sale of the Breyer School property.

GENERAL FUND EXPENDITURES

General fund expenditures are projected to be \$1.2 million, or roughly half of a percentage point, under the 2010 budget.

Departments with substantial variances in budgeted expenses or potential issues include the following:

- **Court of Common Pleas** The Court is projected to be approximately \$800,000 under budget due to bids for the Court Management System support contracts coming in well under budget.
- **Public Defender** The Public Defender's office is projected at budget. This projection does not take into account any additional 2010 department funding due to the pending Memorandum of Understanding with the State Public Defender Commission.
- **County Facilities** Expenditures are projected to be \$100,000 under budget due to personnel tracking under budget.
- **Prosecutor** Expenditures are projected to be \$1,082,000 over budget due to personnel expenditures. It is anticipated this shortfall will be offset, partially or in full, by funding from the Prosecutor's Delinquent Real Estate fund. No offset has been included in the 2010 revenue projections or the general fund reserve calculation.

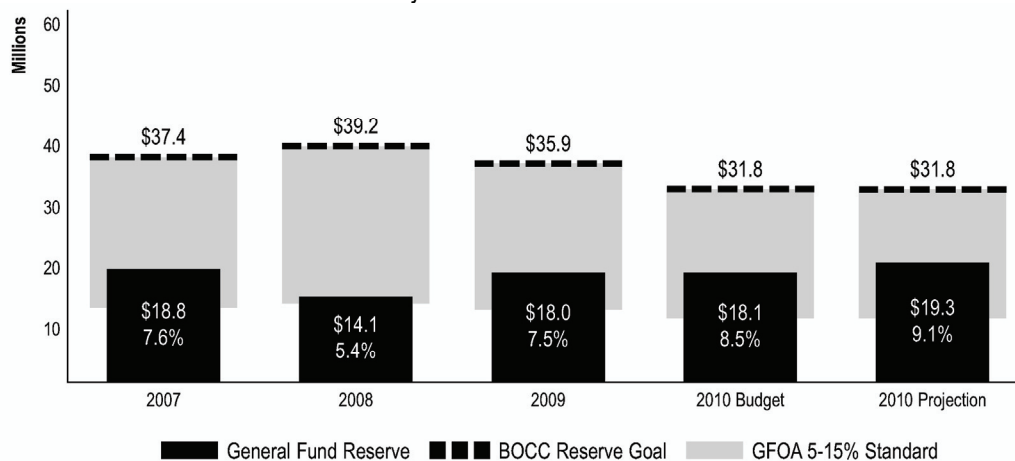
GENERAL FUND RESERVE BALANCE

The general fund is anticipated to end the year with a \$19.3 million fund reserve, a \$1.2 million increase from the 2009 year-end balance. This reserve would amount to 9.1% of ongoing expenditures toward the Commission goal of a 15% minimum fund reserve.

A major indicator of the county's fiscal health is the reserve maintained in the general fund. The Board of County Commissioners have adopted a fund reserve policy that calls for the county to strive to maintain a reserve balance of 15% of ongoing expenditures, and requires the budget to include a 0.5% contribution to reserves when the balance falls below 15%. A 15% reserve would require \$31.8 million in 2010. The 0.5% contribution to fund balance for 2010 would be \$1.1 million.

The Government Finance Officers Association (GFOA) "recommends, *at a minimum*, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of no less than five to 15% of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures." For the county to meet GFOA standards, the minimum reserve range is approximately \$10.5 million to \$31.8 million using the 2010 approved budget as the base.

Chart 3 - Projected 2010 General Fund Reserve



RESTRICTED FUNDS

Fund Balances:

Restricted fund projections focus on those funds that have or are projecting decreasing and negative fund balances. Most changes to fund balances are in line with planned build-up or spend-down of these funds. BSI has outlined below those funds with noteworthy changes in fund balance during 2010. Projected expenditures, revenues and fund balances for all restricted funds are outlined in Attachment C.

- **Levy Funds (003)** – All county-wide voted levy fund balances show a decrease due to the 2010 revenue impact of the Duke Energy appeal. Duke Energy has paid its first-half payment for the 2009 tax year in full, but will withhold half of its appealed portion of the second-half payment (\$1.0 million). If Duke Energy is successful in its appeal, the County will have to refund any portion of payments made (\$3.0 million). All county-wide voted levy plans have been reduced to account for the potential revenue impact of the Duke Energy appeal in 2010 and future years.
- **Baseball Stadium Operations (946-005)** – The fund balance is being spent down in 2010 due to the resumption of payments in lieu of taxes to Cincinnati Public Schools.
- **Sales Tax Stabilization (946-012)** – The fund balance decrease reflects usage of the balance for property tax reduction. The balance must be restored in January 2011.
- **Parking Revenue (946-013)** – The fund balance decrease reflects increased costs stemming from the new management contract and increased electric usage with the opening of the new garage. Revenue is expected to increase in 2011.
- **Workers' Compensation Reserve (931-003)** – The fund balance increase reflects the increased collections instituted in 2010 to restore an appropriate reserve balance.
- **Medical Self-Insurance (931-010)** – The fund balance increase reflects the desired year-end reserve balance in this first year of the self-insurance program.

ATTACHMENTS

- A. General Fund Revenue and Expenditures by Department
- B. General Fund Reserve Projection
- C. Restricted Fund Balance Projections

GENERAL FUND REVENUE AND EXPENSE
June, 2010

dept	Department	2010 Revenue Budget	Revenue Revisions	Projected Annual Revenue	Revenue Variance	2,010 Appropriation	Legislated Change	Projected Annual Expenses	Expense Variance
2	Commissioners & County Admin	6,170,054	0	6,154,682	(15,372)	2,208,183	0	2,186,967	21,217
4	Economic Dev Department	62,887	0	53,815	(9,072)	1,228,947	0	1,218,421	10,526
6	County Facilities	1,820,282	0	2,140,321	320,039	20,369,552	(300,000)	19,969,545	100,008
7	Communications Center	72,900	0	63,402	(9,498)	2,903,154	0	2,703,854	199,300
12	Job and Family Services					1,312,688		1,312,688	0
16	Non-Departmentals	100,000	0	15,672	(84,328)	3,399,411	300,000	3,553,666	145,745
17	Contracts and Subsidies	260,000	0	259,403	(597)	1,147,568	0	1,147,568	0
20	Auditor	135,832,258	0	140,031,473	4,199,215	2,072,752	0	2,070,282	2,470
21	Treasurer	11,930,350	0	10,284,638	(1,645,712)	832,000	0	866,643	(34,643)
22	Recorder	3,450,000	0	3,127,681	(322,319)	1,682,664	0	1,682,664	0
24	Board of Elections	2,327,500	0	2,287,716	(39,784)	8,128,624	0	8,128,624	0
27	Human Resources	5,000	0	6,161	1,161	2,330,731	0	2,186,050	144,681
29	Building and Development	4,429,270	0	4,621,073	191,803	5,142,426	0	4,975,779	166,646
30	Sheriff	9,460,180	315,000	10,146,658	371,478	58,909,410	315,000	59,219,965	4,444
31	Prosecutor	2,089,145	0	1,937,797	(151,348)	10,548,145	0	11,630,450	(1,082,305)
32	Coroner	1,007,700	0	980,000	(27,700)	3,745,659	0	3,722,218	23,441
33	Emergency Management					454,000		454,000	0
40	Juvenile Court	10,244,011	0	10,363,801	119,790	20,651,237	0	20,589,283	61,954
41	Court of Appeals	100	0	1,520	1,420	58,439	0	54,749	3,690
42	Court of Common Pleas	65,488	0	45,410	(20,079)	7,580,444	0	6,786,807	793,637
43	Municipal Court	145,924	0	134,834	(11,090)	4,915,894	0	4,800,052	115,842
44	Court of Domestic Relations	422,500	0	399,462	(23,038)	3,694,122	0	3,611,578	82,544
45	Probate Court	1,228,000	0	1,198,366	(29,634)	2,782,124	0	2,748,419	33,706
46	Clerk of Courts	15,243,123	0	14,127,972	(1,115,151)	11,394,878	0	11,312,158	82,720
47	Public Defender	4,800,900	0	4,804,058	3,158	12,962,000	0	12,911,305	50,695
48	Court Reporters	3,000	0	795	(2,205)	2,491,395	0	2,399,421	91,974
49	Probation	369,471	0	388,249	18,778	6,461,583	0	6,443,323	18,260
50	County Engineer					571,508	0	571,508	0
51	Debt Service					10,237,525	0	10,237,525	0
70	Veterans Service Commission	213,000	0	213,000	0	1,527,272	0	1,336,737	190,536
75	IPAC							0	
TOTALS		211,753,043	315,000	213,787,958	1,719,915	211,744,337	315,000	210,832,252	1,227,085

NOTES

A positive variance for revenue means revenues are projected to exceed budget.

A positive variance for expense means expenses are projected to come in under budget.

2010 General Fund Budget

Projected Reserve Balance - June 2010

(in thousands)

Cash balance 12/31/2008	\$26,080
Plus: 2009 revenues	222,162
Less: 2009 expenditures	(217,337)
Plus: Advances repaid	50
Cash balance, 12/31/2009	<u>\$30,955</u>
Less: Encumbrances, 12/31/2009	<u>(12,910)</u>
Reserve balance, 12/31/2009	\$18,045
Plus: 2010 projected revenue	213,788
Less: 2010 projected expenditures	(210,832)
Less: 2010 Duke Energy tax payments subject to state appeal	(397)
Less: Net impact of 2010 Public Defender work week expansion	(114)
Less: Transfer to sales tax fund	<u>(1,200)</u>
Projected reserve balance 12/31/2010	\$19,290

Reserve Requirement

Total 2010 budgeted expenditures	\$211,744
Reserve requirement: 15% of ongoing expenditures	\$31,762
Reserve balance, 12/31/09 (7.5% of 2009 budget)	\$18,045
Budgeted reserve balance, 12/31/10 (8.5% of 2010 budget)	\$18,054
Projected reserve balance, 12/31/10 (9.1% of 2010 budget)	\$19,290

RESTRICTED FUND BALANCES
June, 2010

Fund	Subfund	Subfund Title	Beginning Balance	Projected Revenue	Projected Expense	Projected Ending Balance
2	1	Real Estate Assessment	\$19,219,300.69	\$9,417,433.22	\$5,778,960.10	\$22,857,773.81
2	2	Solid Waste Management Fund	\$2,910,979.39	\$2,509,345.50	\$2,615,062.19	\$2,805,262.70
2	5	Dog & Kennel	\$177,815.64	\$1,212,542.12	\$1,343,887.00	\$46,470.76
2	6	Emergency Management Agency	\$440,128.04	\$503,559.94	\$427,400.52	\$516,287.46
2	7	Victims of Domestic Violence	\$81,960.00	\$143,764.96	\$145,788.62	\$79,936.34
2	8	Probate Court Conduct of Business	\$44,286.05	\$9,300.82	\$16,000.00	\$37,586.87
2	9	Bureau of Support	\$1,985,659.82	\$13,327,451.43	\$12,942,217.48	\$2,370,893.77
2	10	Delinquent Tax Assessment Collection	\$2,462,764.29	\$1,309,904.46	\$1,258,595.46	\$2,514,073.29
2	11	Prosecutors Delinquent Real Estate	\$2,321,711.05	\$1,350,352.24	\$2,000,000.00	\$1,672,063.29
2	12	County Hospital Facility Fund	\$518,216.12	\$32,600.00	\$32,600.00	\$518,216.12
2	13	Indigent Guardianship	\$396,141.08	\$94,024.76	\$138,000.00	\$352,165.84
2	14	Enforcement & Education	\$178,657.14	\$8,315.12	\$80,000.00	\$106,972.26
2	15	Clerk of Courts Automation	\$4,731,135.25	\$1,172,928.59	\$2,077,383.85	\$3,826,679.99
2	16	Probate Court Automation	\$558,360.13	\$136,764.71	\$130,000.00	\$565,124.84
2	17	Treasurers Optional Payment	\$239,874.32	\$8,236.46	\$200,000.00	\$48,110.78
2	18	Title Administration	\$802,365.45	\$3,111,057.46	\$2,072,114.73	\$1,841,308.18
2	19	Water Rotary	(\$375,845.83)	\$1,782,164.48	\$1,701,995.45	(\$295,676.80)
2	22	Probate Court Legal Research	\$81,166.15	\$26,005.56	\$36,000.00	\$71,171.71
2	23	Public Assistance	\$8,708,380.24	\$115,912,027.76	\$111,450,841.98	\$13,169,566.02
2	24	Permissive Auto Tax Municipal	\$1,655,715.74	\$2,207,794.28	\$2,100,000.00	\$1,763,510.02
2	25	Permissive Auto Tax County	\$2,138,426.90	\$4,878,407.92	\$4,747,119.66	\$2,269,715.16
2	26	Roads & Bridges	\$5,556,943.37	\$17,603,967.48	\$14,697,574.54	\$8,463,336.31
2	27	Legal Research Services	\$374,824.28	\$370,067.87	\$528,726.37	\$216,165.78
2	29	Court Delay Reduction	\$100,141.02	\$172,521.66	\$183,765.21	\$88,897.47
2	31	Administration of Justice	\$190,515.50	\$101,000.00	\$113,062.32	\$178,453.18
2	32	Probation Services	\$833,139.94	\$1,352,324.53	\$1,082,455.83	\$1,103,008.64
2	40	Family & Children First Council	\$741,799.66	\$942,850.00	\$935,788.68	\$748,860.98
2	44	Municipal Court Special Projects	\$878,300.35	\$561,682.66	\$646,016.85	\$793,966.16
2	46	Common Pleas Mediation	\$241,767.71	\$292,600.00	\$269,561.42	\$264,806.29

RESTRICTED FUND BALANCES
June, 2010

Fund	Subfund	Subfund Title	Beginning Balance	Projected Revenue	Projected Expense	Projected Ending Balance
2	47	MHR SB	\$942,078.99	\$11,835,934.64	\$12,051,926.67	\$726,086.96
2	49	Dispute Resolution Fund	\$50,400.00		\$0.00	
2	50	Sheriff's Parking Violations	\$19,641.00	\$1,972.00	\$10,000.00	\$11,613.00
2	51	Coroner's Out of County Fees	\$573,123.75	\$200,000.00	\$200,000.00	\$573,123.75
2	54	Common Pleas Court Special Projects	\$453,760.54	\$2,665,613.43	\$2,211,428.79	\$907,945.18
2	57	Hamilton County Storm Water District	\$2,424,562.10	\$3,705,348.39	\$3,201,811.10	\$2,928,099.39
2	58	Convention Center	\$10.02	\$6,500,000.00	\$6,500,000.00	\$10.02
2	59	Sheriff's Concealed Handgun License	\$130,315.58	\$158,266.00	\$129,269.14	\$159,312.44
2	60	WIA County Fund	\$0.00	\$10,949,295.11	\$10,949,295.11	\$0.00
2	62	Citizen Reward Program	\$559.09	\$9,610.18	\$10,728.36	(\$559.09)
2	63	Wireless 911 Government Assistance Fund	\$503,657.08	\$774,455.94	\$857,537.51	\$420,575.51
2	64	Medically Handicapped Children's Fund	\$0.01	\$1,535,308.47	\$1,535,308.47	\$0.01
2	65	Juvenile Court Legal Research	\$58,247.62	\$43,723.88	\$11,519.04	\$90,452.46
2	66	Safety Plan	\$907,112.78	\$1,052,481.48	\$1,463,690.42	\$495,903.84
2	67	Tax Certificate Administration Fund	\$14,492.77	\$240,000.00	\$229,198.21	\$25,294.56
2	68	Domestic Relations Special Projects	\$176,545.50	\$147,000.00	\$185,000.45	\$138,545.05
2	69	Indigent Drivers	\$62,250.59	\$123,042.94	\$0.00	\$185,293.53
2	71	Law Library	\$0.00	\$1,000,734.73	\$955,893.98	\$44,840.75
3	1	Children's Services	\$40,801,079.23	\$78,457,211.12	\$76,109,849.52	\$43,148,440.83
3	2	Board of Mental Retardation	\$21,950,451.37	\$113,542,494.16	\$107,433,435.93	\$28,059,509.60
3	3	Community Mental Health Board	\$24,493,444.87	\$38,018,946.14	\$39,155,238.93	\$23,357,152.08
3	4	Indigent Health Care	\$14,387,795.21	\$48,857,087.42	\$50,295,930.58	\$12,948,952.05
3	5	CLEAR	\$8,334,020.24	\$4,976,195.06	\$4,997,064.00	\$8,313,151.30
3	6	Senior Services	\$8,348,997.10	\$21,049,632.02	\$21,845,015.14	\$7,553,613.98
3	7	Health & Hospitalization Levy / Drake	\$909,463.93	\$1,903,399.00	\$1,889,892.17	\$922,970.76
3	8	Zoological Gardens	\$733,027.03	\$7,484,739.35	\$7,291,553.62	\$926,212.76
3	9	Cincinnati Museum Center	\$367,675.61	\$3,405,952.64	\$2,896,202.62	\$877,425.63
3	10	Family and Treatment Services Levy	\$0.00	\$6,746,215.97	\$5,193,431.09	\$1,552,784.88
900	2	G. O. Non Voted	\$947,071.13	\$15,344,599.20	\$15,360,078.78	\$931,591.55

RESTRICTED FUND BALANCES
June, 2010

Fund	Subfund	Subfund Title	Beginning Balance	Projected Revenue	Projected Expense	Projected Ending Balance
900	3	Special Assessment	\$882,708.57	\$583,617.84	\$589,995.60	\$876,330.81
921	9	Special Assessment Note Fund	\$77,285.68	\$410,000.00	\$402,000.00	\$85,285.68
931	1	Sheriff's Rotary Fund	\$660,451.11	\$6,179,500.00	\$6,679,500.00	\$160,451.11
931	2	Central Warrant ID Unit	\$47,955.13	\$2,252,348.00	\$2,125,487.34	\$174,815.79
931	3	Worker's Compensation Reserve	\$1,113,802.17	\$6,278,518.26	\$4,319,241.97	\$3,073,078.46
931	4	Auditor's Computer Center	\$913,403.90	\$1,699,998.45	\$1,615,178.42	\$998,223.93
931	5	County Communication Center	\$591,228.50	\$6,297,661.38	\$5,476,584.58	\$1,412,305.30
931	6	Worker's Compensation Paul Brown Stadium	\$0.00	\$18,265.54	\$18,265.36	\$0.18
931	7	Worker's Compensation Reds Stadium	\$3,711.71	\$30,650.00	\$34,361.32	\$0.39
931	9	Multi-County System Agencies	\$1,998,403.63	\$12,713,807.00	\$12,713,807.00	\$1,998,403.63
931	10	Medical Self-Insurance Fund	\$0.00	\$37,145,917.40	\$34,360,003.34	\$2,785,914.06
946	1	MSD Fund	\$37,136,348.00	\$225,690,000.00	\$196,753,630.00	\$66,072,718.00
946	3	Paul Brown Stadium Operations	\$182,847.00	\$13,683,409.19	\$13,349,276.21	\$516,979.98
946	5	Baseball Stadium Operations	\$3,668,404.58	\$3,914,999.75	\$7,129,495.26	\$453,909.07
946	6	Parking & Public Improvement Operations	\$29,396.36	\$20,000.00	\$21,287.50	\$28,108.86
946	8	Main Street Parking Garage Operations	\$110,166.59	\$1,068,685.51	\$1,051,851.38	\$127,000.72
946	10	Paul Brown Capital Repair Fund	\$879,575.60	\$1,000,536.62	\$317,813.00	\$1,562,299.22
946	12	Sales Tax Stabilization Fund	\$6,629,769.86	\$2,992.35	\$5,500,000.00	\$1,132,762.21
946	13	Parking Revenue Fund	\$3,732,417.03	\$5,745,101.94	\$8,434,878.01	\$1,042,640.96
946	14	Great American Ballpark Capital Reserve	\$5,168,709.32	\$809.59	\$808,200.00	\$4,361,318.91
946	15	Great American Ballpark O and M Reserve	\$0.00	\$861,850.00	\$861,850.00	\$0.00